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| In the Matter of                            | ) |                     |
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| Federal-State Joint Board on                | ) | CC Docket No. 96-45 |
| Universal Service                           | ) |                     |
|   | ) |                     |
| Changes to the Board of Directors of the    | ) | CC Docket No. 97-21 |
| National Exchange Carrier Association, Inc. | ) |                     |
|   | ) |                     |

The Universal Service Administrative Company (“USAC”), in its capacity as Administrator of the federal Universal Service Support Mechanisms, submits this Petition for Limited Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline. USAC is the private, not-for-profit corporation that, pursuant to 47 C.F.R. Part 54, administers the universal service support mechanisms for high-cost areas, low-income consumers, rural health care providers, schools and libraries, and the billing, collecting, and disbursing of all universal service support. USAC files this petition only as it relates to an administrative matter concerning the Universal Service Support Mechanisms. *See* 47 C.F.R. § 54.702(d).

## **ARGUMENT**

Section 54.717 of the Commission's rules, 47 C.F.R. § 54.717, governs the annual independent audit of the Administrator of the Universal Service Support Mechanisms. Section 54.717 requires the Commission to exercise considerable oversight of USAC's audit process. Among other things, USAC must submit an audit plan to the Wireline Competition Bureau for review and approval, and Bureau staff must review and approve the findings of USAC's independent auditor. *See* 47 C.F.R. § 54.717(a)-(e). The regulations governing audits of the Administrator contain a timetable within which the Commission's oversight must occur. Section 54.717(f) requires USAC's independent auditor to file a draft audit with the Commission within 60 days of the close of the audit period. Because USAC's fiscal year currently is the calendar year, this annual deadline is March 1. Other subsequent deadlines for review and comment flow from this date. *See* 47 C.F.R. § 54.717(g)-(j).

On July 26, 2000, USAC filed a petition with the Commission seeking a permanent waiver of the regulatory deadline to a date 105 days after the close of the period covered by the audit. *See* Universal Service Fund Administrator's Petition for Permanent Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline Or, In the Alternative, for a Rule Change (filed July 26, 2000)(attached hereto as Exhibit A). On February 27, 2001, the Common Carrier Bureau released a Memorandum Opinion and Order granting USAC a limited waiver of section 54.717(f), finding that good cause existed to extend the deadline by 45 days to permit USAC's independent auditor to file the draft audit report on or before April 15, 2001. *See* In re Federal-State Joint Board on Universal Service, Petition for Waiver of Section 54.717(f) of the Commission's Rules

and Regulations, *Memorandum Opinion and Order*, CC Docket Nos. 96-45 and 97-21, DA 01-509 (rel. Feb. 27, 2001)(attached hereto as Exhibit B). The Memorandum Opinion and Order stated that the Commission “will consider in a future order USAC’s request for a permanent change to section 54.717(f) to extend the audit deadline.” *Id.* ¶ 4.

On February 19, 2002, USAC filed a petition seeking a limited waiver of section 54.717(f) of the Commission’s rules for the 2001 draft audit report. *See Universal Service Administrator’s Petition for Limited Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline* (filed February 19, 2002) (attached hereto as Exhibit C). In addition, USAC renewed its request in the February 2002 Petition for a permanent waiver of section 54.717(f), or, in the alternative, a rule change that would allow the independent auditor to file the draft audit report on or before April 15 instead of March 1. On March 1, 2002, the Common Carrier Bureau released an Order granting USAC a limited waiver of section 54.717(f), finding that good cause existed to extend the deadline by 45 days to permit USAC’s independent auditor to file the draft audit report on or before April 15, 2002. *See In re Federal-State Joint Board on Universal Service, Petition for Limited Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline, Order*, CC Docket Nos. 96-45 and 97-21, DA 02-482 (rel. March 1, 2002)(attached hereto as Exhibit D). The Commission has not yet ruled on USAC’s request for a permanent waiver or rule change.

USAC respectfully requests a waiver of this year’s audit deadline in 47 C.F.R. § 54.717(f) for the reasons set forth in its July 2000 Petition and February 2002 Petition and summarized in the Commission’s February 27, 2001 Memorandum Opinion and Order and March 1, 2002 Order. The underlying facts in support of USAC’s July 2000 Petition and

February 2002 Petition are unchanged. *See* Exhibits A, B, C, and D. USAC's continued experience demonstrates that a 45-day extension of the deadline, to April 15, 2003, will enable its independent auditor to prepare a more comprehensive draft audit report and will not prejudice the Commission or any USAC stakeholder. Although USAC's independent auditor has changed, the new auditor will face the same timing constraints. As in its July 2000 Petition and February 2002 Petition, USAC proposes that the timetable for comments and responses to be provided after the initial draft audit report is delivered to the Commission set forth in 47 C.F.R. § 54.317(g)-(j) remain unchanged.

## CONCLUSION

For the reasons set forth above, USAC respectfully requests a limited waiver of 47 C.F.R. § 54.717(f) to enable USAC's independent auditor to submit a draft 2002 audit report no later than April 15, 2003. In addition, USAC respectfully renews its Petition for Permanent Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline Or, In the Alternative, for a Rule Change, filed on July 26, 2000.

Respectfully submitted,

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